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## FISCAL IMPACT REPORT

SPONSOR: Maes DATE TYPED: 02/14/03 HB \_\_\_\_\_

SHORT TITLE: Water & Wastewater Project Grants SB 273/a/SCONC

ANALYST: Kehoe

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
(\$6,000.0)	(\$6,000.0)	(\$6,000.0)	Non-recurring	W&WWGF

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to Senate Bill 294

### SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)  
Legislative Finance Committee Files (LFC)

### SUMMARY

#### Synopsis of SCONC Amendment

The Senate Conservation Committee amendments to Senate Bill 273 provides a provision for an emergency clause; increases the aggregate amounts for emergency public projects without legislative approval from the current amount of \$3,000,000 to \$6,000,000 for fiscal years 2003, 2004 and 2005. The aggregate amount in fiscal year 2006 and subsequent years authorized for emergency projects shall not exceed \$3,000,000.

#### Synopsis of Original Bill

Senate Bill 273 increases the aggregate amount of grants that may be made from the Water and Wastewater Project Grant Fund for emergency public projects from \$3,000,000 to \$5,000,000 for fiscal years 2004 through 2006. The aggregate amount in fiscal year 2007 and subsequent years authorized for emergency projects shall not exceed \$3,000,000.

Significant Issues

Laws of 2000, Chapter 24 allows NMFA to make a limited number of grants in aggregate amounts not to exceed \$3,000,000 per fiscal year from the Water and Wastewater Project Grant Fund for “emergency” water and wastewater grants without prior legislative authority. The “emergency public projects” must meet three criteria: 1) the project is required by an unforeseen occurrence or circumstance threatening public health, safety or welfare; 2) the project requires the immediate expenditure of funds; and 3) the project funding is not within the available financial resources of the applicant. Senate Bill 273 temporarily increases the aggregate amount to \$5,000,000 for each of fiscal years 2004, 2005 and 2006 and resumes the aggregate amount of \$3,000,000 in fiscal year 2007.

According to NMFA, the Water and Wastewater Grant Fund has experienced a sharp increase in emergency grants due to the impact of drought conditions on aging water and wastewater infrastructure statewide. For the first time, NMFA exhausted \$3,000,000 in emergency funding in fiscal year 2002 and by January 2003 had exhausted its fiscal 2003 emergency capacity totaling \$2,976,000.

**FISCAL IMPLICATIONS**

SB 273 would allow for \$5,000.0 in emergency projects for each fiscal year. A \$15 million general fund appropriation, including \$6 million for emergency grants, was appropriated to the Water & Wastewater Grant Fund for fiscal years 2002 and 2003. Legislative authorization to award grants from the \$9,000,000 balance is being requested by NMFA in Senate Bill 294.

NMFA recommends amending Section 1, subsection B, on page 3, line 10 of the bill to change “2004” to “2003.”

If NMFA’s suggested amendment is intended to allow NMFA to expend an additional \$2 million for emergency projects in fiscal year 2003, the bill should also be amended to include an emergency clause. Without an emergency clause, Senate Bill 273 will take effect July 1, 2003, the beginning of fiscal year 2004. If Senate Bill 273 is enacted with an emergency clause, \$7 million in balances will remain available for projects contained in Senate Bill 294 if authorized and enacted by the 2003 Legislature.

Relationship

Senate Bill 294 requests legislative authorization to make grants for water and wastewater projects statewide totaling \$150 million.

LMK/yr